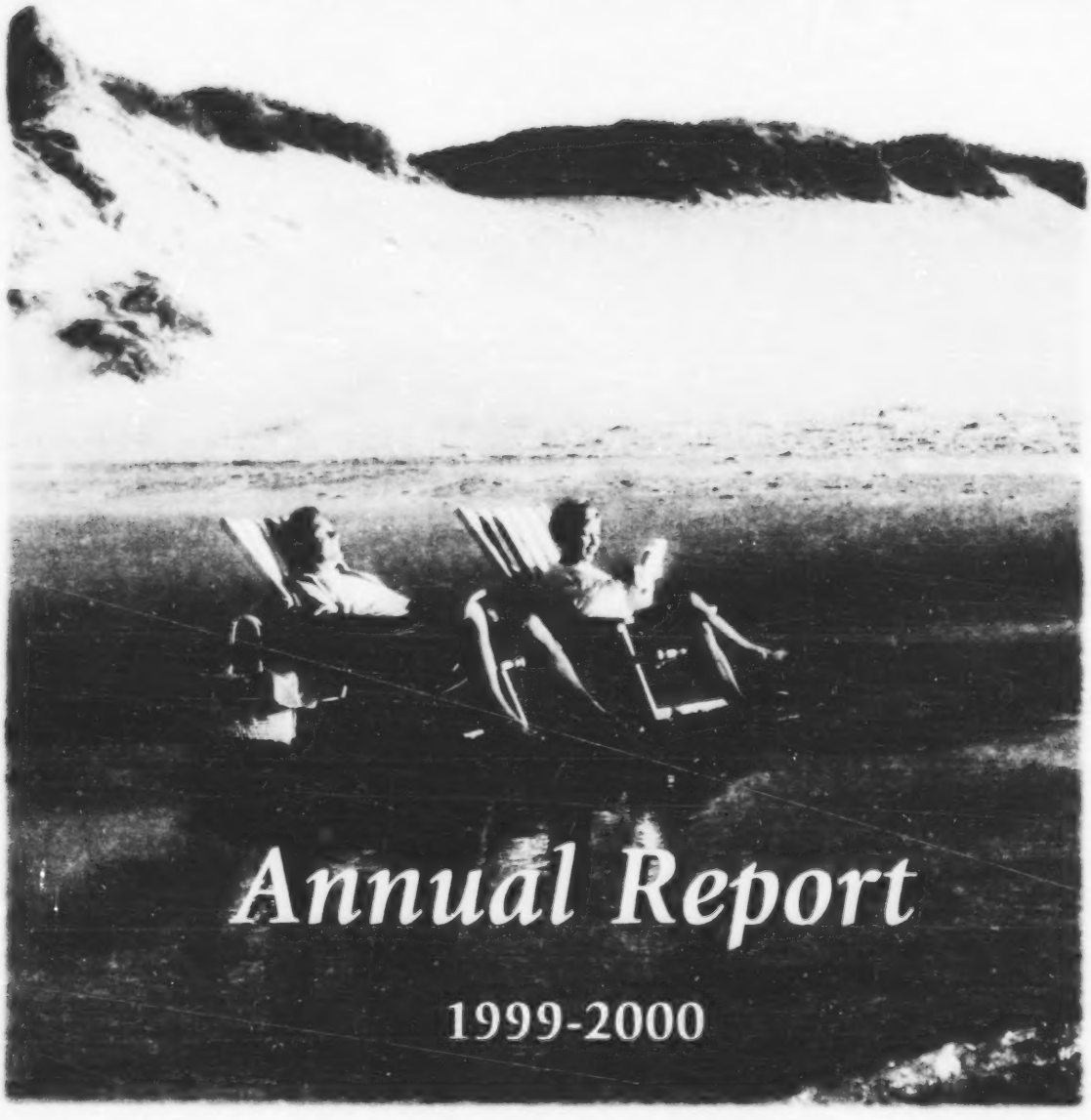
Prince Edward Island
CANADA

Fisheries and Tourism



Annual Report

1999-2000

101-04777/

Prince Edward Island

Department of Fisheries and Tourism

Annual Report

1999 – 2000

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Ministers' Message

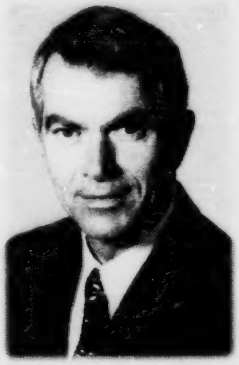
The Honourable Gilbert R. Clements
Lieutenant Governor of Prince Edward Island

May It Please Your Honour:

We have the honour to submit herein the annual report for the activities of the former Department of Fisheries and Tourism for the period April 1, 1999, to March 31, 2000.

Respectfully submitted,

Gregory J. Deighan
Minister of Tourism



J. Chester Gillan
Minister of Fisheries,
Aquaculture and Environment

Deputy Ministers' Message

The Honourable Gregory J. Deighan *and* The Honourable J. Chester Gillan
Minister of Tourism Minister of Fisheries, Aquaculture and Environment

Honourable Ministers:

It is our pleasure to present the annual report of the Department of Fisheries and Tourism for the period April 1, 1999, to March 31, 2000.

The purpose of this report is to account to government and taxpayers on the performance of the Department of Fisheries and Tourism during the fiscal year April 1, 1999, to March 31, 2000.

As Deputy Minister, it is our responsibility to work with the management team to ensure that we meet the objectives established for our department. We also work very closely with our federal partners to ensure that together we meet the needs of our various clients.

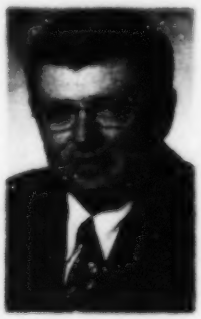
This report highlights the activities of the department, as well as Tourism PEI and Golf Links PEI Inc.

The fishing industry continues to be a vital component of our economy. The landed value in 1999 from all fish species was in excess of $136 million, an increase of seven percent from the year before.

During these exciting and challenging times, we look forward to the next fiscal year. We will continue our teamwork with industry and Islanders to further develop and promote the tourism and fisheries sectors.

It is our privilege to endorse the 1999-2000 Annual Report of the Department of Fisheries and Tourism.

Yours truly,



Frank Butler
Deputy Minister of Tourism

Lewie Creed, Deputy Minister
Fisheries, Aquaculture and Environment

Year in Review

The Department of Fisheries and Tourism has a number of divisions that provide services to the public and support services to the department.

☆ Corporate Management

The Corporate Management Division provides support to the department for all budget and personnel issues. There are 17 persons in the division with major responsibilities of: budget preparation, expenditure monitoring and forecasting, invoice and expense claim processing, staffing, classification, payroll, staff development, other employee-related programs, research, communications and MIS/computer support.

☆ Fisheries and Aquaculture

The primary mandate of the Fisheries and Aquaculture Division is to assist in the sustainable development of the fisheries and aquaculture resources of Prince Edward Island in order to maximize the contribution of the fishing industry to the economy of the province. The division provides programs and services to both the marine fisheries and aquaculture sectors in order to fulfil its mandate and to achieve its goal of quality service, assistance and information to clients.

☆ Tourism Development

The primary goal of the Tourism Development Division is to enhance the economic benefits of tourism through the development and promotion of new products and the operation of Provincial Parks, provincial Visitor Information Centres and the development of the Confederation Trail.

☆ Tourism Marketing

The primary goal of the Tourism Marketing Division is to promote Prince Edward Island as a premier, year-round vacation destination.

Prince Edward Island CANADA

The division is responsible for the publication of provincial tourism literature and distribution, advertising and promotion and works very closely with the Tourism Marketing Authority to increase tourism revenues and visitations to Prince Edward Island.

☆ Golf Links PEI Inc.

Golf on Prince Edward Island has shown a dramatic increase in popularity due in large measure to the aggressive marketing approach initiated by Golf Links PEI Inc., the Department of Fisheries and Tourism and the individual golf packagers. Prince Edward Island continues to promote the Island as a world-class golf destination acknowledging that golf is an important component of PEI's tourism industry and that the provincial courses are important assets.

Golf Links Inc.

L'année en bref

Au ministère des Pêches et du Tourisme, la prestation des services au public et les services de soutien sont assurés par de nombreuses divisions.

☆ Les services ministériels

Le Division des services ministériels s'occupe des questions visant le budget et le personnel du Ministère. Le personnel de la Division compte 17 personnes dont les responsabilités varient : préparation du budget, contrôle des dépenses et prévisions budgétaires, facturation et gestion des demandes de remboursement, dotation, classification, paie, développement du personnel, autres programmes liés au personnel, recherche, communications et appui informatique/SIG.

☆ Pêches et aquiculture

Le principal mandat de la Division des pêches et de l'aquiculture est d'appuyer le développement durable des pêcheries et des ressources aquicoles de l'Île-du-Prince-Édouard afin de maximiser la contribution de l'industrie des pêches à l'économie provinciale. Dans le cadre de son mandat, et en vue d'atteindre ses objectifs quant à la qualité des services et à l'appui à la clientèle, la Division s'occupe de la prestation des programmes et services visant les secteurs des pêcheries et de l'aquiculture.

☆ Développement touristique

Le principal objectif de la Division du développement touristique est d'accroître les avantages économiques du secteur touristique par l'élaboration et la promotion de nouveaux produits, la gestion des parcs provinciaux et des centres de renseignements touristiques et le développement du Sentier de la Confédération.

☆ Commercialisation du tourisme

Le principal objectif de la Division de la commercialisation du tourisme est de faire la promotion de l'Île-du-Prince-Édouard comme étant une destination de vacances de première classe, à l'année longue. La Division s'occupe de la publication et de la distribution de la documentation touristique, de même que des campagnes de publicité et de promotion. La Division travaille en étroite collaboration avec la Commission de commercialisation du tourisme en vue de faire augmenter les visites à l'Île-du-Prince-Édouard et les revenus dérivés du tourisme.

☆ Golf Î.-P.-É.

À l'Île-du-Prince-Édouard, le golf est devenu de plus en plus populaire en grande partie grâce aux tactiques provocantes de commercialisation mises de l'avant par Golf Î.-P.-É., le ministère des Pêches et du Tourisme et les forfaitistes de golf privés. L'Île-du-Prince-Édouard continue à se promouvoir en tant que destination de premier choix pour le golf et reconnaît que le golf est un élément important de son industrie touristique et que pour cette raison, les terrains de golf provinciaux représentent un atout important.

Corporate Management

Corporate Management is comprised of 17 positions: Deputy Minister, two directors, three managers, three administrative support workers, two research analysts, one personnel clerk, three accounting technicians, one communications officer and one MIS co-ordinator. The unit provides support services to the other divisions of the department.

Major areas of responsibility are:
- Budget preparation
- Expenditure monitoring and forecasting
- Invoice and expense claim processing
- Staffing
- Classification
- Payroll
- Staff Development
- Other employee-related programs
- Research
- Communications
- MIS/computer support

Departmental Staff Complement

As of March 31, 2000, the department had a total of 127 positions – 69 full-time and 58 part-time. The following is a breakdown of those positions:

	Full-time	Part-time	Total
Department Management	2		2
Fisheries and Aquaculture	14	3	17
Tourism PEI			
Corporate Management	17		17
Development	12	12	24
Marketing	13	7	20
Golf Links PEI Inc.	11	36	47
Total	**69**	**58**	**127**

Casual/Student Division

A total of 468 employees were hired on a seasonal basis. The following is a breakdown of these positions:

Department Management	4
Tourism – Development	4
Tourism – Marketing	1
Fisheries and Aquaculture	12
Visitor Information Centres	66
Provincial Parks	218
Golf Links PEI Inc.	163
Total	**468**

Fisheries and Aquaculture

The Fisheries and Aquaculture division provides programs and services to both the marine fisheries and aquaculture sectors in order to fulfil its mandate and to achieve its goals of quality advice, assistance and information to clients. In marine fisheries, the division acts as an advocate for the PEI fishing industry and takes part in many species advisory committees with the industry and the federal government, who manage marine fisheries resources.

The division also carries out basic biological research in support of major fish species such as lobster as well as to support developmental or emerging species. The division also offers programs to support new technology in the fishery and assists the seafood processing sectors with programs to enhance value-added processing of seafood in PEI. The division also promotes fish quality through the administration of the *PEI Fish Inspection Act* and the *PEI Fisheries Act* which includes responsibility for licensing and inspection of all fish-buying stations and fish-processing facilities.

The fishing industry employs more than 9,000 people in the harvesting and processing sectors. Lobster continues to be the leader with a landed value to the fishermen of over $88 million.

PEI's aquaculture industry, consisting primarily of oysters, mussels and finfish, contributed $22 million to the landed value, an increase of 10 percent from 1998. This sector of the industry continues to grow and create new employment in the province.

The overall economic impact to PEI from the fishery, including the service sector, is estimated at approximately $270 million.

The aquaculture sector represents the fastest growing component of the PEI fishery and remains a sector with potential for further growth and increased economic returns. The division provides programming to support the growth and expansion of aquaculture businesses.

As well, assistance is provided to encourage new technology in aquaculture; and research is carried out on species which offer potential for culture. Staff of the division have expertise in all facets of aquaculture production and provide essential technical services to the industry.

Marine Fisheries

Research and Development

Lobster Sea Sampling

Management and conservation of the fishery must be based upon an adequate understanding of the fishery and the species. In 1998, in view of a recognized need to increase our knowledge of lobster and the lobster fishery in local waters, an increased focus on lobster issues from a scientific perspective was initiated. The cornerstone of this effort was the detailed at-sea sampling program for lobster, which was continued successfully in 1999 in partnership with DFO Science Branch, HRDC, the PEIFA and AVC Inc. (under contract). Over the 1999 season, samples were collected on a regular basis from 36 ports and in excess of 85,000 lobsters were recorded in detail. A new component of this project for 1999 was the experimental trap program, where fishers

themselves volunteered to collect detailed catch information from special and designated traps. In a trial of this approach in 1999, 44 fishers recorded over 21,500 additional lobsters. The detailed at-sea sampling program is scheduled to run to at least 2000.

Lobster Studies

Based on the success of an interest in the lobster sampling program, the division increased its efforts in other lobster research topics. Two science intern positions were secured jointly with DFO, and these staff contributed to projects including a lobster larvae study, and measuring the rate of recapture of short and berried lobster. In addition, the province provided support to a joint project conducted by AVC to look at the health implications of v-notching berried females on lobster grounds.

Emerging Species

The division has continued to support and participate in the new Emerging Fisheries Advisory Board set up for the PEI fishery. This board, with broad industry representation, reviews and recommends developmental fishery projects within the guidelines of the DFO Emerging Fisheries Policy, introduced in 1997.

Projects

The division took an active role in several marine fishery developmental projects during the year; including, testing automated jigging equipment for mackerel, directed fishing for cunner using modified traps, and test marketing of sea cucumbers. Resource sampling at sea and ashore was directed at other developmental species such as rock crab and toad crab.

Management Issues

Lobster

The 1999 season for lobster was the second in the four-year management plan introduced across the Gulf Region by DFO in 1998. Scheduled changes to conservation measures set out in the management plan were implemented, and as a result the legal minimum carapace size was increased by 1/32" in Areas 24 and 26A to 2 19/32" and 2 5/8" respectively. The minimum size in Area 25 remained at 2 21/32". Although the requirement to v-notch 50 percent of berried females was in the plan, it was not enforced in 1999.

Following the decision of the Supreme Court in the Donald Marshall case, First Nations across the Gulf declared their interest in pursuing a commercial fishery for lobsters. Extensive discussions ensued wherein the federal government and native bands negotiated access to the lobster fishery and the federal government and the lobster industry negotiated a corresponding reduction in effort by non-native fishermen.

Gulf and Northern Shrimp

During the 1999-2000 year, the division continued to press for increased access to the Gulf and Northern shrimp fisheries. The province's only access to shrimp was a small (75 mt) share of the temporary sharing program for Gulf shrimp. No access to the northern shrimp fishery was granted in 1999.

Groundfish

After a moratorium in place since 1993, a small commercial fishery (TAC 6,000 mt) was established for southern Gulf Atlantic cod in 1999. Other groundfish quotas remained closed (hake, redfish) or at modest levels (American plaice, blackbacks). Small cod quotas, proportional to their traditional fleet shares, were assigned to each gear/vessel sector and were used to either supplement existing by-catch levels and/or support small directed fisheries. Due to the distribution of fish close to the province and a high participation rate, landings by Island vessels were encouraging. On the whole, however, overall landings remained a small fraction of historical levels.

Rock Crab

Island-based fishers continued to modify and adjust to permanent management plans for rock crab in Areas 25 and 26A introduced the previous season. In Area 26A, an overall cap, on the directed fishery, of 2,200 mt, coupled with an individual cap of 60,000 lbs. on each vessel in the fleet was introduced by DFO. These measures had the result of reducing landings by the Island fleet by about 40 percent, and caused concern for both fishers incomes and processing employment. The Area 25 management plan for 1999 was similar to the previous years; however, the issue of using rock crab for lobster bait purposes remained controversial.

Tuna

In 1999, the Atlantic Bluefin tuna quota was set at 553 mt. PEI fishers landed 181.4 mt which represented 33 percent of the quota and a total of 565 fish. 148 were caught in Southwest Nova Scotia, 87 in the Canso area and 330 in the Gulf of St. Lawrence. The department contributed financially to the electronic tagging program carried out under the direction of DFO. These tags were programmed to be released from the tuna and emit a signal to a satellite with detailed information on the migration pattern of each fish.

Throughout the winter of 1999-2000, staff worked closely with the PEI Tuna Working Group to help design a more equitable quota sharing arrangement for the Atlantic region. The decision to maintain the status quo was taken by DFO for the 2000 season.

Herring

The division continued to work with PEI herring fishers on management issues for the spring and fall herring fishery. The quota for the fall fishery in Fishermen' s Bank was 7,503 mt and 7,260 mt for 16C/E – Western PEI and Southeast New Brunswick.

In the spring fishery the quota in division 16E was 5,720 mt and 16C was set at 4,598 mt. These areas are fished by both PEI and NB fishers. There is also a fishery in Eastern PEI during the lobster season which is fished primarily for bait. During the 1999 spring season, a quota of 284 mt was set for the Eastern PEI fishery.

For the fall season, fishers in the Fishermen's Bank zone (Area 16G) began an earlier harvest of herring to meet the bait requirements of other species such as rock crab. The industry requested a separate quota set aside for this early market.

Seaplants

The Irish moss industry is concentrated in Districts 1 and 2 in western PEI. Landings in 1999 amounted to 6189 mt. An additional 500 mt of Furcellaria was also harvested. The department, in cooperation with the Department of Development, continued to financially support marine plant research which was carried out by DFO in this area. The work, co-ordinated by the Western Development Corporation, included monitoring marine plant growth to provide information for managing these seaplant species.

Services

Staff provided advice and assistance to clients regarding maintenance of fish quality and the production of top quality seafood products.

Licensing

Five types of licenses were issued, those being fish processing (primary, secondary and lobster cookroom), fish buying and peddling.

Fish Buyer Licenses are broken down into six categories:

1. Lobster
2. Other Crustaceans
3. Groundfish
4. Pelagic
5. Mollusc
6. Other Fish

Fish Peddler Licenses were also issued to those individuals who were involved in peddling fish products throughout the province. The moratorium on processing licenses for lobster and groundfish remained in place.

The division's inspection service issued 697 fish-buying licenses, 66 primary fish processing, one secondary fish processing, 19 lobster cookroom and 22 fish peddler licenses in 1999.

Inspection efforts also concentrated on enforcing regulations under the *PEI Fish Inspection Act* and the *PEI Fisheries Act*.

Fishing Industry Transition Program

The Fishing Industry Transition Program operated for the third year. The program was designed to assist harbour authorities during the transitional period in which the harbour authority takes increased responsibility for port facilities.

The assistance available was used to address capital and/or facility repair and maintenance needs directly related to the port facilities. The amount of assistance is in accordance with a schedule related to the number of vessels in the harbour. The harbour authority's share of costs shall not be less than 20 percent of the total costs of the project.

During the fiscal year 1999-2000, 21 harbours were assisted with total expenditures from the program being $153,700.

Mammals

This section of the division was also responsible for the dead mammal removal program from the Island's shore line. The majority of the mammals are seals. Dolphins and whales also wash up on shore and are disposed of in landfills or pits approved by the Department of Environment.

Shellfish Landing Sites

This section is responsible for the management and maintenance of approximately 50 shellfish launching sites around PEI and three trailer parks where oyster fishers reside during the spring/fall oyster seasons and summer quahaug season. These fishers pay a monthly fee which goes toward operating costs such as electricity, sewage and garbage.

Aquaculture

The Aquaculture Section is responsible for providing high quality advice, assistance and information to the Island's growing aquaculture industry. In the past decade the aquaculture industry has grown from a small developmental industry with a landed value of less than $5 million to an industry under full commercial production and a landed value in excess of $20 million. Employment in the industry has grown dramatically over the same time period.

Activities and programs delivered by staff of the Fisheries and Aquaculture Division in 1999-2000 were diverse. Staff were involved in providing technical and biological services to the shellfish and finfish sectors of the aquaculture industry. In addition, staff delivered a number of financial programs that complement technical services and assist in the development of aquaculture.

Mussel Monitoring Program

The Aquaculture Section delivered the Mussel Monitoring Program to PEI's 125 mussel growers. The program assisted growers in managing their lease sites by providing information on mussel spatfall, meat yield, water quality, presence of "potentially" harmful algal species and predators such as starfish.

The program operated during the ice-free season with a focus on spatfall prediction from May to July and potentially harmful algae from September to December. The fall program was coordinated with the Canadian Food Inspection Agency. Information collected was communicated to the industry via a voice-mail system and a summary report at year end. Oyster spatfall prediction was carried out in July and early August.

Sea Duck Predation Study

A study was undertaken in conjunction with the mussel industry to investigate diving sea ducks that have been causing damage to mussel seed and newly socked mussels. The project was carried out in conjunction with the Canadian Wildlife Service and the Department of Technology and Environment. A consultant was hired to coordinate the project and collect information on the abundance of sea ducks and the effectiveness of several types of protective socking material. Assistance was provided to growers on sea duck identification and techniques to deter them from mussel sites.

Sustainable Mussel Culture

Division staff worked cooperatively with scientists from the Department of Fisheries and Oceans and the Atlantic Veterinary College to study the productivity and physical oceanography aspects in Tracadie Bay. The project, referred to as COSAD (Coastal Oceanography for Sustainable Aquaculture Development), will assist the PEI mussel industry to better understand some of the factors which contribute to sustainable mussel production.

Conditional Shellfish Openings

Division staff worked with industry groups in Vernon-Orwell and Cardigan River systems to maintain conditional openings for the harvest of shellfish. The conditional openings were a joint effort of the Canadian Food Inspection Agency, the Department of Fisheries and Oceans, the Department of Technology and Environment and the Aquaculture Division. Without the cooperation of all agencies and the industry, shellfish in both of the affected areas would not be permitted for direct sale.

Oyster Shellbed Cultivation

Division staff worked closely with representatives of the Queens County Shellfish Association to carry out a project to cultivate oyster shell beds in the West River. The technique of exposing clean shell for oyster spat to attach can be inexpensive yet result in good returns for the oyster fishery. A vessel on loan from the Department of Fisheries and Oceans, equipped with a desilter made of a sleigh assembly and two rows of steel teeth, was used. Twelve plots covering approximately 40 acres were cultivated. The vessel operated for approximately 75 hours between June 17 and July 9, 1999, and cultivated six acres of shellbed.

Oyster Fouling

Aquaculture staff conducted a series of experiments on techniques to control mussel fouling on oyster culture gear. In some years, oyster collectors or culture gear become fouled with tiny mussels. Mussels grow quickly and compete for food – the same food needed for the oysters to grow. Mussel fouling can be difficult to control as mechanical separation is difficult due to the strong byssal threads mussels use to attach to clean surfaces.

Trials were conducted during the summer of 1999 to test control of mussel set by immersion into hot water. Immersion in a 60°C water bath for 10 seconds was effective to eliminate mussel fouling. A summary of the results was presented to oyster growers in September. The propane heat tank used for the trials was displayed as was a diesel-fired water bath from France.

Quahaug Culture Trials

Quahaug seed produced from brood stock transferred from the United States and grown during the 1998-99 year was placed at several study sites in 1999. The US strain, known as "notata," because of its distinct shell markings, offers potential for aquaculture development on PEI. While PEI's native strain is the basis for a viable public fishery, the strain grows too slowly to be developed as an aquaculture species. The US strain was developed as a faster growing strain through genetic selection and offers greater potential. The assessment will be completed in the fall of 2000.

Soft Shell Clam Culture Trials

Fifteen lease holders were involved in an experimental program to assess the soft shell clam as a potential aquaculture species. The program was initiated in 1993. Under the program, clam seed was relayed from marginally contaminated areas to lease sites through permits issued by DFO. Division staff assisted clam growers to assess growth and survival of relayed seed on their lease sites. As well, techniques to enhance clam spat settlement were evaluated.

Bar Clam Culture Trials

Bar clam seed acquired in 1997 was set out on five experimental areas to study growth and survival. Sites selected were on soft shell clam leases and adjacent productive bar clam areas. Clam seed was placed in wooden cages and various densities and positions in the tidal area were studied.

Efforts to produce bar clam seed at the hatchery in 2000 were not successful.

Basin Head Irish Moss Trials

Research on the culture of a strain of Irish moss unique to Basin Head River was continued by the Western *Development* Corporation in conjunction with the Department of Fisheries and Oceans. Funding for the project was approved under the Primary Resource Development Program. Techniques to culture the moss in mussel socking material were evaluated at two study sites.

Aquaculture Leasing Program

The Aquaculture Leasing Program delivered by DFO was renewed as a partnership between DFO, the aquaculture industry and the province. A Lease Management Board was established to oversee development of work plans, financial aspects and policy framework of the program. A Referral Committee was established to give advice on addressing backlogged applications and develop a process for assessment of new sites. Under the renewed program, DFO will continue to have the final decision of leasing matters but the industry and province will have a greater role in management decisions.

The aquaculture industry also developed a new marking system for aquaculture sites with gear in the water column. Plans were developed for each estuary during the winter months with input from aquaculture producers, DFO, Canadian Coast Guard and the department. The PEI Aquaculture Alliance negotiated a bulk purchase of lease markers.

Assistance Programs

The division delivered two assistance programs to the aquaculture sector. Under the Aquaculture Diversification Program, 33 projects were approved representing a government contribution of $146,260. Under the Aquaculture Technology Program, eight projects were approved representing a government contribution of $30,117. These programs assist the industry to diversify into new species such as oysters, clams or Arctic char or evaluate new technology for the PEI aquaculture industry.

A contribution of $95,000 was approved for the PEI Shellfish Association to carry out oyster enhancement activities on public fishery grounds. Projects included seed collection, oyster relays and shell mining. The association cost-shared oyster enhancement activities. Landings in 1999 were recorded at 5.3 million pounds, the largest since the late 1890s.

The department completed the final year of a three-year commitment to the Atlantic Veterinary College, UPEI for a Shellfish Aquaculture Research Program. Over the past three-year period, $225,000 was directed to AVC under the Fishing Industry Transition Program. The contributions provided AVC with the necessary infrastructure and research support to attract funding and conduct research projects identified by, and relevant to, the PEI shellfish industry.

General

The **Fisheries Organization Support Program** is designed to provide a portion of core operating expenses to fisheries organizations. The program provides for funding up to 40 percent of revenues received by organizations from membership dues. Funding was provided to seven organizations during the year.

Marketing and Promotion

The division took part in a number of marketing initiatives in conjunction with PEI Business Development Inc., the fisheries and aquaculture industries and other Atlantic provinces. As well, the popular Out of the Sea and Over the Coals promotion program was carried out by three summer students at campgrounds, fairs, community festivals, visitor information centres and other special events. Approximately 2,400 individuals participated in this program during the summer period. Division personnel also contributed to the Linking Land and Sea program in cooperation with the PEI Fairs and Exhibitions Association.

Test Production

This program assists processors to develop processing and packaging capabilities to respond to changing consumer and market demands. The program was active during the period with projects financially supported by Acadian Fishermen's Co-op (lobster refrigeration), Food Technology Centre (lobster 2000 and silverside projects), Polar Foods International (value-added lobster), and Summerside Seafood Supreme (value-added lobster and rock crab).

PEI Aquaculture and Fisheries Research Initiative

Board of Directors

Lewie Creed	Chairperson
Sefton Dixon	Vice-Chairperson
Wayne Petley	Treasurer
Dr. Ian Dohoo	Member
Roy Drake	Member
Diane Pickering	Member
Wayne Watts	Member
Hank Scarth	Member
Rickey Farrell	Member

Susan Leduc was the Program Officer and Recording Secretary.

Report of the Chairperson Aquaculture and Fisheries Research Initiative Inc.

I am pleased to submit the annual report highlighting the activities of the Prince Edward Island Aquaculture and Fisheries Research Initiative Inc. for the 1999-2000 fiscal year.

The corporation was established to encourage short-term applied or developmental aquaculture and fisheries research in partnership with individuals, businesses and organizations.

The corporation was managed by a nine-member board of directors representing government, research agencies and industry. The board held two meetings and the Annual Shareholders Meeting.

During the year, the board approved six projects and rejected two.

The following is a list of the approved projects:

"DNA Markers for Lobster Population Assessment"
Applicant – Prince Edward Island Fishermen's Association
Project Cost – $25,000 (two-year project)
AFRI Contribution – $20,000

"Enhancement of the Live Lobster Storage and Shipping Industry on PEI Through Development and Implementation of Injection and Oral Vaccaniation Strategies"
Applicant – Aquahealth
Project Cost – $19,900
AFRI contribution – $9,995

"Triploid Production in Mytilus Edulis – Phase II"
Applicant – PEI Aquaculture Alliance
Project Cost – $36,559
AFRI contribution – $29,247

"Soft-Shell Clam Aquaculture: Predator Control"
Applicant – PEI Aquaculture Alliance
Project Cost – $18,335
AFRI contribution – $14,665

"Quahaug Spat Monitoring Survey and Enhancement Study – Year 2"
Applicant – PEI Shellfish Association
Project Cost – $15,300
AFRI contribution – $11,040

"Genetic Characteristics of Cultured and Wild Mussels in PEI – Phase II: Trends in the Presence of M. Trossulus"
Applicant – PEI Aquaculture Alliance
Project Cost – $20,384
AFRI Contribution – $16,307

Summary
In conclusion, I want to express my thanks to all board members for their direction and dedication to the company.

Respectfully submitted,

Lewie Creed, *Chairperson*
Prince Edward Island
Aquaculture and Fisheries
Research Initiative Inc.

Tourism PEI

Tourism Marketing

1999 was the third year following construction of Confederation Bridge. In the first year, tourism to the Island increased by well over 60 percent. In 1998, an even greater number of visitors proved that the first year's numbers were not just a one-year anomaly motivated by bridge curiosity. However, in 1999 visitation decreased slightly by 4.7 percent.

Tourism revenue in 1999 broke the previous year's record high by $28.2 million, reaching $302.6 million. Unlike 1998, revenue increases were experienced in Cavendish, Southern Kings, Eastern Kings, and the Beaches. The remaining regions saw their 1998 numbers maintained or, in some cases, eroded from their previous year's high.

Ontario, New England, other Canada and International lead all visitor origin markets with sharp increases in visitation and revenue over 1998. The Atlantic provinces, Québec and the Mid-Atlantic States saw a marginal decline in visitations from the highs that were recorded from these markets in 1998.

The media budget was significantly increased in 2000, due to a new three-year ACTP funding arrangement, which added over $600,000 to the budget. There were additional co-op programs from the CTC in Ontario and HRDC in the Maritimes.

The primary objective of the TMA and Tourism PEI continues to stress the growth of revenue from pleasure tourism. Based upon the 1999 Exit Survey, revenue from pleasure visitors is estimated to have increased by 3.7 percent over 1998, a new high in pleasure visitor spending in the province. The increase in revenues was attributed to a lower Canadian dollar and inflationary increases associated with higher industry prices.

The total number of pleasure and business visitors between mid-May and October 31, 1999, is estimated at 1,168,221 an overall decrease of 2.9 percent. Due to the decrease in party size, the actual number of parties increased.

Average expenditure per visitor increased to $228 in 1999 an increase of 2.7 percent when compared to 1998. Visitors from Newfoundland continued to be the highest spenders. Maritime visitors spent below the provincial average while Québec visitors approximated the provincial average.

Business visitations improved by 21.1 percent. The Confederation Bridge continued to impact the business market, as business visitors are traveling more frequently with ease of access, but reducing their length of stay.

1999 was the third year that tourism reaped the benefits of the Confederation Bridge. Since the bridge was less of a novelty in 1999, the fact that numbers increased marginally from 1997 pointed to the disincentive of ferry waits prior to the bridge opening. Levels of first-time visitation in 1999 pointed to the continued impact of the Confederation Bridge.

Northumberland Ferries continued to be a major mover of tourism traffic to and from Prince Edward Island, with a slight increase in tourism traffic in 1999. The stabilization of ferry traffic, following construction of Confederation Bridge, can be attributed in some part to the marketing activities of Northumberland Strait Marketing Group during the 1998 and 1999 seasons.

Tourism Development

Parks Division

Provincial Parks visitations continued to increase from the growth experienced in 1998-99. Both camping and day-use visitations increased with a total of 39,846 sites sold reflecting a three-percent increase. Day-use visitation of 196,122 was an increase of six percent over the previous year.

The park system has made an effort to enhance the service capabilities for RVs. Evidence of this was at the Brudenell River Provincial Park. Brudenell received a significant infusion of capital funding to construct a new RV park and day-use facility. Additional improvements to service sites were also made at Strathgartney, Cedar Dunes, Panmure Island and Lord Selkirk Provincial Parks.

An ongoing effort of enhancing playground equipment within the parks was evident with new play structures at Linkletter, Lord Selkirk and Brudenell River Provincial Parks. Additional to new play structures, summer program staff offered a variety of programming and a lifeguard service at many of the parks.

Provincial Parks operates two winter parks, located at Brookvale and Mill River. Uncertain winter conditions affected Nordic operations at both Mill River and Brookvale. The Alpine and snowboard runs at Brookvale benefited from an additional snow-making capacity and as a result experienced a good rebound from the previous year of poor snow conditions.

A new winter opportunity was added at Brookvale that enhanced the theme of being a winter fun park. A snow-tube facility was constructed complete with a tube lift and four runs. The additional facility created an opportunity for many non skiers to enjoy Brookvale.

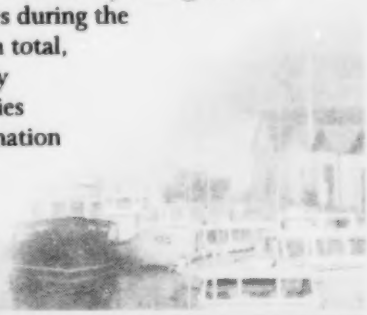
Provincial Parks are responsible for the operation of 14 day-use parks and 13 camping parks. The day-use parks vary in services. Buffaloland Provincial Park is one of the unique day-use parks. Visitors can witness buffalo roaming with their young, mixed in with whitetail deer. This is the only year-round day park in the system.

Parks marketing initiatives was evidenced in many of the Tourism Co-op Marketing opportunities. Parks representatives participated in trade shows, examples of which were Cat Sell promoting to the New England market and the Summer Holiday Show in Montreal. French-speaking visitors are increasing; as a result, park signage and literature were improved with bilingual messages.

Visitor Information Centres

During the 1999/00 fiscal year, Tourism PEI operated nine provincial Visitor Information Centres (VICs). They are located in Borden-Carleton, Brackley, Cavendish, Charlottetown, Pooles Corner, Portage, Souris, Summerside and Wood Islands. In an effort to extend the shoulder season, the centres open in mid to late May and remain open until mid to late October. The Charlottetown and Borden-Carleton (Gateway) VICs continue to operate on a year-round basis.

The Gateway Visitor Information Centre, located in the heart of the Gateway complex in Borden-Carleton opened to Visitors on May 31, 1997. This beautiful new centre continues to prove to be extremely successful. The Gateway staff greeted 72,400 parties during the third year. In total, approximately 226,000 parties sought information at our VICs.



The Brackley and Cavendish VICs continue to be operated by the province in cooperation with Parks Canada. Brackley VIC is staffed by three student travel counsellors and a manager. Brackley VIC continues to greet approximately 10,000 visiting parties/season. Cavendish is staffed by 12 student travel counsellors, a casual travel counsellor and a manager. In 1999, Cavendish staff greeted approximately 44,000 parties.

Five of the nine provincial VICs as well as various retail outlets across the province sold Tourism PEI wordmark merchandise. The merchandise sales of sweatshirts, golf shirts, ball caps and T-shirts continue to be very successful.

Caribou VIC, as an extension of the Wood Islands VIC, operated in July and August 1999. Located in the Northumberland Ferries Terminal Building, Caribou VIC serviced more than 13,000 parties – 20.6 percent increase from 1998/99.

Confederation Trail

The Confederation Trail advanced several more steps toward completion in 1999. The section between Bedford and Cardigan opened in late fall, resulting in a connection of the entire section from Montague and Georgetown through Mount Stewart to Souris and Elmira. The 24.5 km project set the stage for a connection from Kings County to Charlottetown and beyond.

TrailFest 1999, the second fall festival organized by Island Trails and the Medical Society of PEI, was an unqualified success. With over 5,000 people participating and 28 communities sponsoring their own events across the province, the festival is a significant fall event. Schools were able to participate for the first time because it was expanded to three days, including Friday. *TrailFest* plays a significant role also in awareness of the trail as a venue for health through exercise. A third event is planned for the year 2000.

Maintenance of the Confederation Trail was done during the season by Transportation and Public Works, Highways Maintenance Branch. The program is closely linked with development of the trail and has resulted in fine-tuning development standards for the long-term maintainability of the corridor. The joint effort is expected to lead to a formal agreement between the two departments for long-term maintenance of the trail.

Planning is in progress for completion of the entire trail in 2000 and marketing in the Visitor Guide is promoting completion by mid-season. A new trail map was printed covering the entire tip-to-tip experience and is available for distribution by mail and in Visitor Centres. The entire corridor has been designated under the *Trails Act*.

Cruise Ship Development

The cruise ship industry is one of the fastest growing tourism sectors in the world. Tourism PEI recognizes the potential of this lucrative market; and together with the Capital Commission of PEI are spearheading the Island's continued development in this area. In 1999, 16 cruise ships visited PEI carrying approximately 12,000 passengers and resulting in close to $900,000 in economic impact for the province. The 1999 numbers were a substantial increase over 1998 when only eight ships visited PEI. Building on our success in 1999, Tourism PEI and the Capital Commission of PEI are targeting 20 ship visits for 2000.

In July of 1998, the four Atlantic Provinces joined forces with ACOA on a three-year initiative to form the Atlantic Canada Cruise Association (ACCA). The objective of ACCA is to foster the development of cruise ship activity

in the four Atlantic Provinces. PEI's involvement in this association allows us to benefit from ACCA's targeting of cruise line executives and high yield travel members of the travel trade to create greater awareness for Atlantic Canada as a new and exciting cruise destination.

Through our successful partnership with the Capital Commission of PEI and continued involvement with ACCA, Tourism PEI is confident the Island's share of the cruise industry will continue to grow.

Research

The Research Section continued its support to Tourism PEI by designing and conducting a number of quantitative and qualitative research projects. Some of these projects included: the annual Tourism Exit Survey, the Motorcoach Survey, Japanese Visitors Survey, History and Culture Survey and the Tourism Conversion Study. A pre-test of the 1999 Advertising Creative was completed to measure the effectiveness of the proposed advertising. The Research Section also completed a Wood Usage Survey for the Energy Corporation, Small Business Staff Evaluation for Development Division, Orchid Research for Phytocultures, an Attitude Survey for East Prince Health, Emu Reseach, and also conducted a survey of Retail Shoppers in the Maritimes. Selected projects for the Atlantic Canada Tourism Partnership were also undertaken and completed.

Other activities included an analysis of government's Computer and Home Internet Purchase Program. The Research Section maintains access to numerous electronic marketing and information databases through information providers such as Dow Jones/InfoGlobe and Infomart/Dialog. Database searches are available to staff and clients on a cost-recovery basis.

Golf Links PEI Inc.

Golf Links PEI Inc. was established as a Part II company on April 1, 1998, to manage the Province's golf assets including the Links at Crowbush Cove, Brudenell and Mill River golf courses. Golf Links' primary mandate is to manage provincial golf courses in a business-like fashion and in the interests of PEI's tourism industry.

The creation of Golf Links PEI Inc. reflects a policy decision that provincially owned courses should be financed from the revenues that they generate. It also acknowledges that golf is an important component of PEI's tourism industry and that the provincial courses are important assets.

Board

The management of Golf Links PEI is vested in a board of directors that reports to the Minister responsible for Tourism.

Strategy

Golf Links PEI Inc. believes that the key to continued future growth of the Island's golf product is quality. Quality courses and quality service will enhance PEI's reputation as a golf destination. Golf Links PEI Inc. pledges to work with the private sector to do this.

Major Events

Major golf events are an effective means of developing market awareness about the quality of Island courses. Golf Links PEI is very pleased to have hosted the 1999 McDonald's PEI Challenge in August which featured golf professionals from all over the world.

Golf Links PEI plans to pursue other major golf events in the future as part of its marketing strategy.

Cooperation Agreement

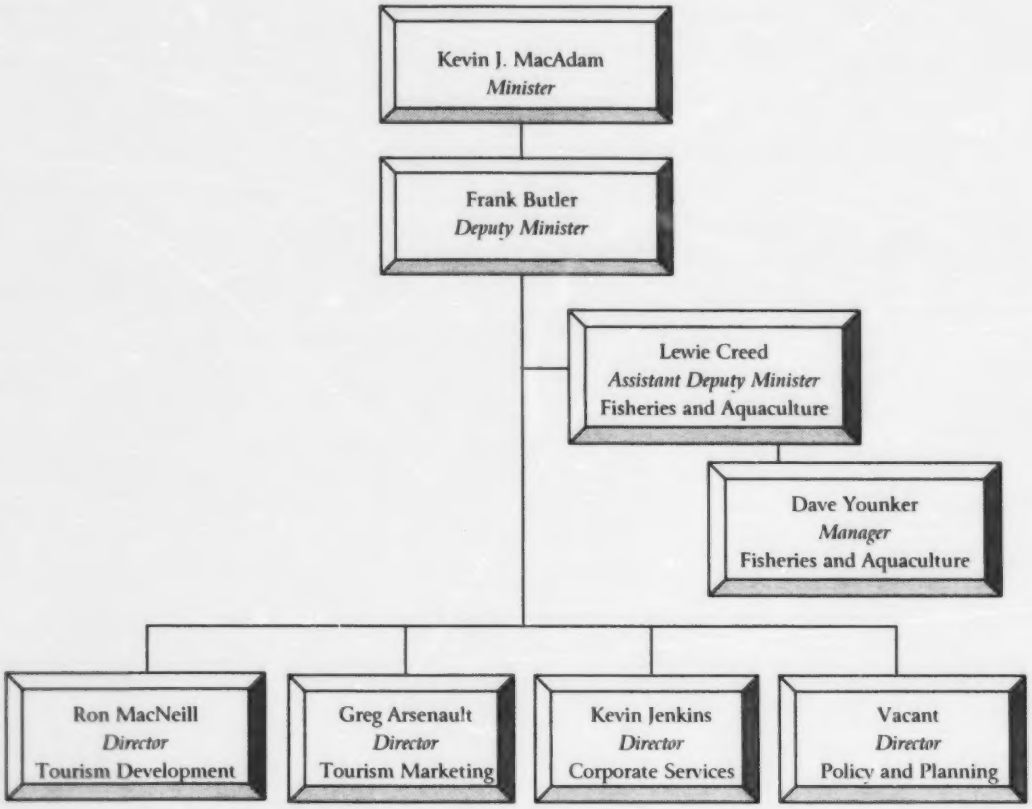
Tourism Development

Tourism-related Strategic Infrastructure

A total of 44 applications were approved under this program for a total expenditure of $1,339,220. Projects included the planning of the Lorie Kane Island Challenge, funding for the Victorian Christmas Festival, assistance on production of the new Emily stage show, assistance for the Highland Gathering project and Confederation Trail development. Other projects receiving support were Golf marketing, Cruise Ship marketing and the PEI Convention Bureau. Support was also provided for the PEI Museum and Heritage Foundation, the Island Theatre Association, the Tignish Bi-centennial, Sport PEI, Summerside Murals, North and South Shore Tourism Associations and the Training project coordinated by the Tourism Industry Association of PEI.

Program funding was provided for festivals and events to enhance shoulder season visitation. These projects included the Bluegrass Festival, Bridgefest, Georgetown Regatta, Indian River Festival, PEI Shellfish Festival, Road to Rollo Bay, PEI Storytelling Festival, Scott Tournament of Hearts, Festival of Lights, the Festival of the Fathers, TrailFest and the Street Rod Event.

Appendix A
Fisheries and Tourism Organization Chart *



* As of March 31, 2000

Appendix B
Legislative Responsibilities

Acts

Confederation Birthplace Act
Fathers of Confederation Buildings Act
Fish Inspection Act
Fisheries Act
Fisheries Organizations Support Act (when proclaimed)
Highway Advertisements Act (until repealed)
National Park Act
Recreational Development Act
Roadside Signs Act (when proclaimed)
Sea Plants Act (when proclaimed)
Tourism Industry Act
Tourism PEI Act
Trails Act

Boards/commissions/agencies

Capital Commission
Confederation Birthplace Implementation Board
Fathers of Confederation Buildings Trust
Rails Lands Trail Advisory Committee
Tourism Arbitration Board
Tourism Marketing Authority

Appendix C
Financial Results

The following schedules compare budgeted revenues and expenditures to actual results for FY 1999-2000.

In addition, audited financial statements for Tourism PEI and Golf Links PEI Inc. are attached.

Department of Fisheries and Tourism
Summary of Revenue
for the Year Ended March 31, 2000

		1999-2000 Estimates	1999-2000 Actual
Fisheries and Aquaculture			
	Services	30,000	31,180
	Marine Fisheries	275,000	281,000
	Aquaculture	5,000	582
		310,000	312,762
Golf Links PEI (Net)		215,000	9,334
		525,000	322,096
Tourism PEI	Provincial	895,400	**1,043,513**
	Federal	81,800	**62,325**
		977,200	1,105,838
Total Revenue		$1,502,200	$1,427,934

Department of Fisheries and Tourism
Summary of Expenditures
for the Year Ended March 31, 2000

	1999-2000 Estimates	1999-2000 Actual
Department Management		
Minister's Office	159,400	190,360
Fisheries and Aquaculture		
Division Management	362,500	399,641
Services	184,800	224,947
Marine Fisheries	778,000	733,141
Aquaculture	958,700	961,351
Aquaculture-PRDA	609,100	537,144
	2,284,000	2,319,080
Total Department of Fisheries and Tourism	2,443,400	2,509,400
Tourism PEI (Net)	9,450,000	9,436,383
Total Fisheries and Tourism	$11,893,400	$11,945,823

Appendix D
Prince Edward Island
General Fisheries and Aquaculture Facts 1999-2000

1) Core fishers	1,352
Non-core fishers	3,385
Total	4,737

Core Fisher – is a registered fisher who is the head of an active fishing enterprise (i.e. had fished full-time for the previous two years), had a vessel in the fishery, had Bonafide status and held one key licence (snow crab, lobster A, groundfish – not handline, scallop, tuna and herring).

2) *Vessels (Registered)	Length (feet)	
	< 35'	68
	35' - 39'11"	176
	40' - 44'11"	1,223
	45' - 49'11"	4
	50 - 54'11"	0
	55' - 59'11"	1
	60 - 64'11"	0
Total		1,472

* The above table indicates those vessels that are registered by the Department of Fisheries and Oceans. A number of smaller vessels used in the estuarial fisheries are not registered thus are not included in the total above.

3) Licences by Species:			
Groundfish	862	Gaspereau	23
Herring	868	Bar Clams	20
Mackerel	1,276	Quahaugs (ocean)	9
Tuna	356	Clams (unspec.)	1,653
Scallops	395	Squid	253
Lobster 26A	405	Marine Plants	302
Lobster 25	263	Swordfish	167
Lobster 24	626	Smelts	340
Eels	816	Oysters (Spring)	895
Rock Crab	81	Oysters (Fall)	1,059
Silversides	96	Mussels	696
Snow Crab	30	Soft-shell Clams (Mech.)	13
Bait (Herring, Mackerel and Gaspereau)	2,900		
Total Licenses for Prince Edward Island			**14,404**

Permits by Species			
Sea Urchins	10	Bar Clams	2
Toad (Spider) Crab	20	Shark	3

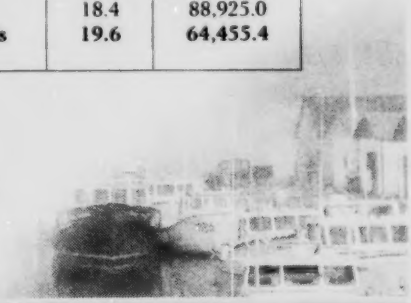
4)	No. of acres leased for mussel culture	10,537
	No. of mussel culture sites	270
5)	No. of acres leased for oyster culture	6,286
	No. of oyster culture sites	697
6)	No. of finfish culture sites	11
7)	No. of employees in processing plants (approx. maximum at peak season)	3,000
8)	No. of provincially licenced and federally registered export plants (not including buying stations)	47
9)	No. of provincially licenced non-export plants	34
10)	*No. of major shellfish shippers	15
11)	No. of finfish processors	2
12)	No. of sea plant companies	3

* Included in Number 8 above

Appendix E
Prince Edward Island
Lobster Landings and Values 1920-1999

Q = Quantity in millions of pounds			V = Values in thousands of dollars		
	Q	V		Q	V
1920	8.3	703.9	1960	10.1	3,212.3
1921	6.4	255.3	1961	9.5	3,055.0
1922	8.8	651.4	1962	8.7	3,218.9
1923	9.7	878.8	1963	7.4	3,155.8
1924	6.5	564.8	1964	7.8	4,210.8
1925	7.9	661.1	1965	8.8	5,176.6
1926	6.6	601.8	1966	7.9	3,925.7
1927	6.3	617.1	1967	9.0	5,228.9
1928	6.6	553.1	1968	8.7	5,328.9
1929	7.4	621.5	1969	8.2	5,375.8
AVG. 20s	**7.5**	**610.9**	**AVG. 60s**	**8.6**	**4,188.9**
1930	8.1	539.7	1970	8.7	6,231.2
1931	9.4	553.7	1971	8.2	5,860.6
1932	11.5	551.7	1972	7.3	6,360.8
1933	9.2	396.2	1973	7.7	7,503.2
1934	7.7	536.0	1974	6.2	6,347.0
1935	6.4	467.8	1975	8.6	8,135.5
1936	6.0	544.4	1976	8.5	8,510.5
1937	5.8	524.8	1977	9.1	10,012.0
1938	7.1	458.8	1978	11.1	16,648.6
1939	7.0	464.4	1979	11.8	18,073.9
AVG. 30s	**7.8**	**503.8**	**AVG. 70s**	**8.7**	**9,368.3**
1940	5.6	353.9	1980	11.8	15,458.0
1941	6.0	469.2	1981	11.9	18,519.0
1942	6.4	694.8	1982	12.2	22,599.0
1943	6.0	999.0	1983	15.5	29,056.0
1944	6.6	1,149.7	1984	13.6	23,137.8
1945	8.1	1,503.6	1985	15.0	33,591.9
1946	7.9	1,982.7	1986	18.3	44,494.2
1947	6.2	1,070.0	1987	18.9	49,532.1
1948	6.5	1,411.9	1988	22.0	56,128.9
1949	6.8	1,388.4	1989	21.3	46,058.0
AVG. 40s	**6.6**	**1,102.3**	**AVG. 80s**	**16.1**	**33,857.5**
1950	9.1	1,963.0	1990	22.4	40,348.0
1951	8.3	1,702.0	1991	22.8	48,521.9
1952	8.4	1,849.0	1992	19.9	59,439.0
1953	7.0	1,997.0	1993	19.7	51,452.0
1954	7.4	1,977.0	1994	18.9	65,398.0
1955	8.3	2,324.0	1995	19.3	79,242.0
1956	9.7	2,725.8	1996	18.0	66,424.0
1957	8.5	2,456.3	1997	17.8	73,243.0
1958	8.0	2,510.2	1998	18.9	80,553.0
1959	8.4	2,843.2	1999	18.4	88,925.0
AVG. 50s	**8.3**	**2,234.8**	**AVG. 90s**	**19.6**	**64,455.4**

Source:
Fisheries and Aquaculture Division,
PEI Department of Fisheries, Aquaculture and Environment
Statistics Division, Department of Fisheries and Oceans, Moncton NB



Appendix F
Prince Edward Island
Fish Landings and Values 1998-1999

	1998		1999p	
	Weight (lbs.)	Value ($000)	Weight (lbs.)	Value ($000)
Groundfish:				
Cod	578,076	311	2,756,082	2,082
Hake	92,737	43	480,262	254
Flounder	355,747	158	738,578	332
Blackbacks	723,424	275	676,197	248
Yellowtail	39,015	12	32,805	8
Greysole	811	4	907	1
Tomcod	44,302	5	32,563	3
Other Groundfish	3,869	5	6,440	22
Total Groundfish:	1,837,981	813	4,723,834	2,950
Pelagic and Estuarial Fish:				
Tuna*	92,642	920	160,380	1,122
Mackerel	15,016,633	3,974	8,476,383	1,829
Herring	37,375,543	2,782	39,206,210	4,358
Gaspereaux	115,270	34	204,255	62
Eels	74,702	146	114,643	239
Smelts	574,867	378	496,023	282
Silversides	510,448	102	1,231,019	386
Skatefish	943	2	8,634	2
Shark (unspecified)	52,770	21	15,329	5
Dogfish	52,269	9	316,709	47
Other Pelagic & Estuarial Fish				
Cultured Finfish**	218,852	882	180,526	786
Total Pelagic and Estuarial Fish:	54,084,939	9,250	50,410,111	9,118

* Additional to landings made by fishers to PEI ports, landings were made by PEI fishers to NS ports as follows: 1998 – 322,576 pounds, 1999 – 239,470 pounds.

** Cultured finfish species are rainbow trout, Arctic char and Atlantic salmon.

** Landings include production from meat fish farms and fee-fish ponds; values include sales from meat fish farms, fee-fish ponds and hatcheries.

	1998		1999p	
	Weight (lbs.)	Value ($000)	Weight (lbs.)	Value ($000)
Molluscs and Crustaceans:				
Lobster	18,884,666	80,553	18,477,307	88,925
Bar Clams	590,585	251	525,446	268
Soft-Shell Clams	707,270	788	992,738	1,233
Quahaugs	1,327,309	1,983	1,485,691	2,351
Scallops (shucked)	380,594	3,273	215,789	1,716
Bay Scallops				
Mussels	27,472,459	15,110	30,626,539	16,845
Oysters	4,351,746	4,447	5,342,301	5,075
Whelks				
Toad (Spider) Crab	980,266	189	865,399	186
Snow Crab	1,349,263	2,415	1,894,721	4,547
Rock Crab	5,373,529	1,576	4,769,496	1,776
Total Molluscs and Crustaceans:	61,417,687	110,585	65,195,427	122,922
Total Fish:	117,340,607	120,648	120,329,372	134,990
Sea Plants:				
Irish Moss	11,251,399	941	13,645,335	1,140
Furcellaria Mix	1,178,052	100	1,100,000	88
Other				
Sea Urchins	82,730	60	41,444	38
Total Sea Plants:	12,512,181	1101	14,786,779	1,266
Total Fishery:	129,852,788	121,749	135,116,151	136,256

All figures are preliminary and subject to revision.

Source:
Statistics Division, Gulf Region, Department of Fisheries and Oceans
PEI Department of Fisheries, Aquaculture and Environment
Compiled by: Fisheries and Aquaculture Division, PEI Department of Fisheries, Aquaculture and Environment

Appendix G
Tourism Economic Impact 2000

1. An Island Summary

For the past nine years, Tourism PEI has conducted an annual collection of travel data. The most current methodology includes:

a) intercepts of visitors exiting Prince Edward Island at the ferry, bridge and airport;
b) a quantitative follow-up telephone survey of pleasure and business visitors who depart via private motor vehicle and air;
c) a quantitative, in-person survey of visitors travelling via commercial touring motorcoach;
d) a quantitative survey of Japanese visitors using self-completed questionnaires; and
e) vehicle and passenger counts supplied by Strait Crossing Bridge Ltd., Northumberland Ferries Ltd., Charlottetown Airport Authority Inc., and motorcoach and Japanese accommodation operators.

A process of synthesis and analysis is then applied to the data, and summary estimates and descriptive statistics covering visitations, visitor profiles and visitor expenditures are published as an annual report. Economic Impact: Tourism 2000 is the ninth edition of Tourism PEI's annual analysis, and covers the period May 15 to October 31, 2000.

During this period, it is estimated that a total of 1.18-million pleasure and business visitors spent a total of $301.1-million while vacationing or conducting business in Prince Edward Island (Exhibits 1 and 2).

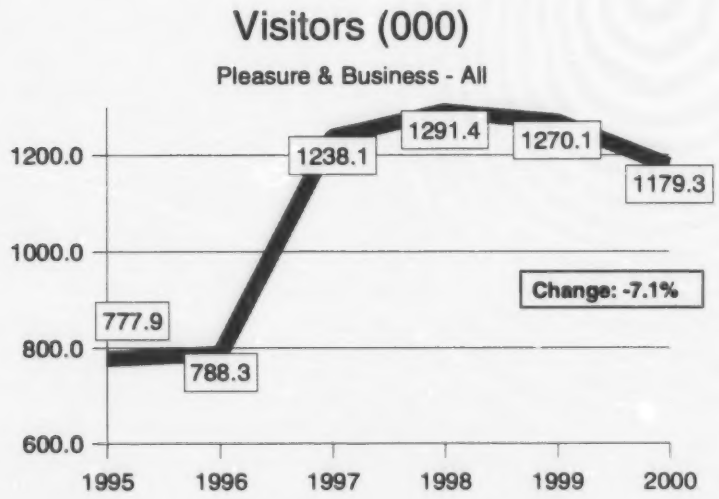


Exhibit 1

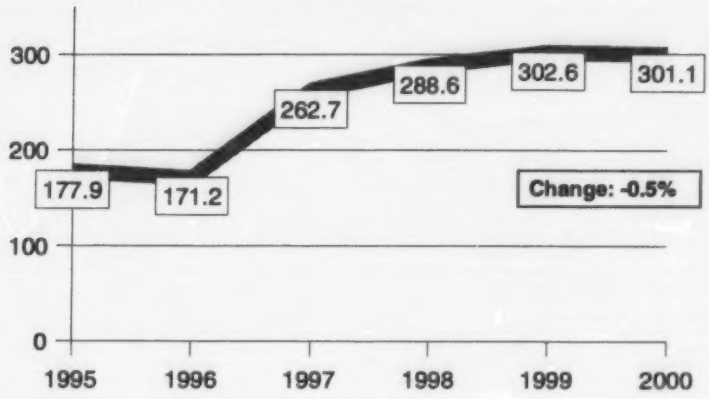


Exhibit 2

Overall, Prince Edward Island experienced a net visitor decline of 7.1% — approximately 90,800 visitors — compared to 1999. A strong 13.1% increase in motorcoach visitors was offset by a 6.9% decrease in pleasure private motor vehicle (PMV) and air visitors, and a 24.1% decrease in business PMV and air visitors (Exhibits 3, 4 and 5).

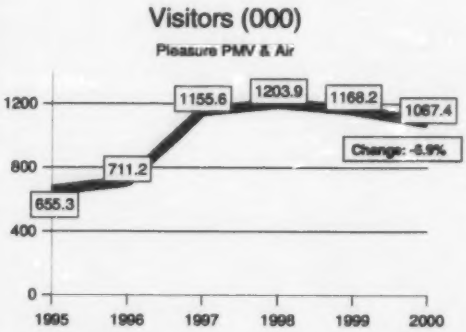


Exhibit 3

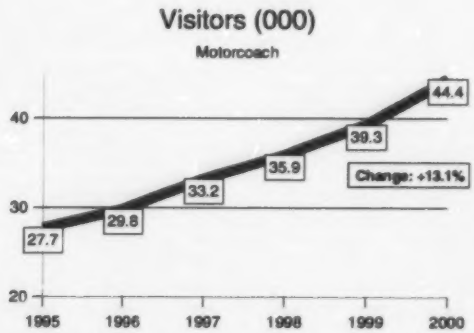


Exhibit 4

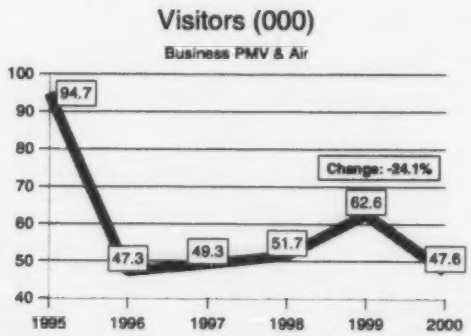


Exhibit 5

In 2000, pleasure PMV and air accounted for 92% of all visitors. For analysis purposes, visitors to Prince Edward Island are profiled in one of ten visitor origin regions shown below.

1. Newfoundland	2. Nova Scotia	3. New Brunswick	4. Quebec	5. Ontario
6. Other Canada	7. New England (U.S.A.)	8. Mid Atlantic (U.S.A.)	9. Other U.S.A.	10. International

Based on these visitor origins, visitation rankings for 1999 and 2000 are summarized in Exhibits 6 and 7.

	Visitors (000) Million		
	1999	2000	% Chg
Newfoundland	35.4	32.6	-8.1
Nova Scotia	239.6	211.9	-11.6
New Brunswick	121.3	128.9	+6.3
Quebec	100.0	77.1	-22.9
Ontario	306.5	271.4	-11.5
Other Canada	80.4	84.5	+5.0
New England	87.7	102.1	+16.3
Mid Atlantic	50.7	64.2	+26.7
Other USA	115.5	90.3	-21.8
International	31.0	24.5	-21.0
Exhibit 6			-6.9

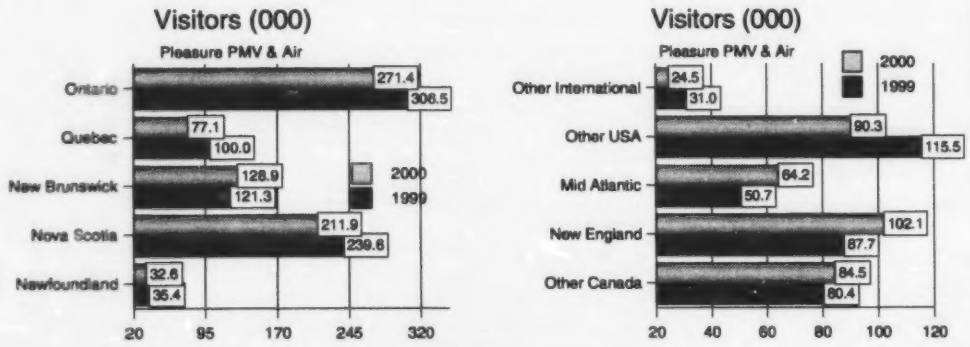


Exhibit 7

Decreases in pleasure PMV and air visitations in 2000 have been attributed to a number of factors, including:

a) inclement weather in Prince Edward Island;
b) high gasoline prices;
c) the Tall Ships celebration in Nova Scotia;

d) A continuation of Quebec's strong stay-at-home promotional efforts; and
e) the presidential election in the United States.

Increases in pleasure PMV and air visitations have been attributed to:
a) increased marketing in the New England and Mid Atlantic states; and
b) a partial recovery in visitations from New Brunswick.

Business PMV and air visitations declined 24.1% in 2000 following a 21.2% increase in 1999. Some of the decrease in 2000 can be attributed to:
a) inclement weather impacting short-haul (ie: Nova Scotia/New Brunswick) business/golf visitations; and
b) a strong meetings and convention market in 1999 that was not sustained in 2000.

Motocoach visitations increased 13.1% in 2000 over 1999, continuing an upward growth trend of more than five years. This continued growth can generally be attributed to a combination of: a) motorcoach marketing; b) PEI's appeal as a motorcoach destination; and c) the value of the U.S. dollar in Canada.

In 2000, it is notable that total expenditures were on par with 1999 despite the decrease in PMV and air visitations as well as a decrease in average length of stay. This is due to an increase in average party expenditure. Factors attributed to this increase include:
a) general price increases on-Island;
b) an increase in U.S. party market share from 22% in 1999 to 24% in 2000;
c) a decline in the percentage of pleasure parties that stayed in non-paid accommodations; and
d) an increase in party market share among higher income pleasure parties (Exhibit 8).

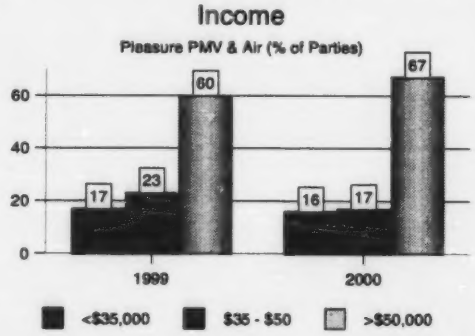


Exhibit 8

For 2000, the overall impact may be attributed to a larger share of parties with higher discretionary incomes, and a larger share of parties staying in paid accommodations with associated expenditures.

Each year, the follow-up telephone survey contains a "main overnight destination" question to identify the primary region where travel parties stayed. The results for 2000 are summarized in Exhibit 9 on the next page. Due to the small number of responses in most regions, results are sensitive to year-to-year volatility in share of market. In these cases, readers may find the direction of movement over three or four years more meaningful.

	PMV & Air - "Main Overnight Destination" - Visitors (%)				
	Pleasure Only			Pleasure and Business	
Tourism Region	**1996**	**1997**	**1998**	**1999**	**2000**
Beaches	6	5	5	6	5
Cavendish	20	24	26	25	22
Charlottetown	35	29	30	32	34
Eastern Kings	4	3	4	4	7
Evangeline	2	2	2	1	1
Kensington	4	3	4	3	2
New London	4	2	2	1	1
Southern Kings	2	4	5	6	5
South Shore	2	4	5	4	4
Summerside	15	11	10	10	9
West Prince	4	5	4	3	3
Did not overnight	3	8	5	3	4

Note: To provide a better measure of total "main overnight destination" visitations, both pleasure and business visitors were reported starting in 1999. Comparable data is not available prior to 1999.

Exhibit 9

Historically, visitations to a region have been measured by "main overnight destination," ignoring visitors who make a day trip during their stay to a part of the Island that is not the "main overnight destination." This year, a question was added to the follow-up telephone survey that would provide some measure of day trip patterns. Exhibit 10 is a summary of the percent of pleasure and business PMV and air visitors who are estimated to have visited selected tourism regions on day trips in 2000.

Pleasure and Business PMV and Air - 2000 Estimate of Day Trip Visitations from Visitors Overnighting Outside Region		
	% of All Visitors	**Number of Visitors (000)**
West Prince/Evangeline	25.7	291.7
Summerside	39.5	448.3
South Shore	36.6	415.4
North Shore	41.3	471.0
Charlottetown	45.7	518.7
Eastern Kings	28.1	318.9
Southern Kings	38.6	438.1

Exhibit 10

Visitor satisfaction questions were introduced in the follow-up telephone survey in 1999 and these questions were continued in 2000 (Exhibits 11 and 12). In 2000, the number of visitors whose experience exceeded their expectations increased to 42% from 39% in 1999. In terms of overall satisfaction, the numbers between 1999 and 2000 were very similar with approximately 70% reporting that they were "very" satisfied with their visit. Overall, visitors to Prince Edward Island continue to rate their visit very highly.

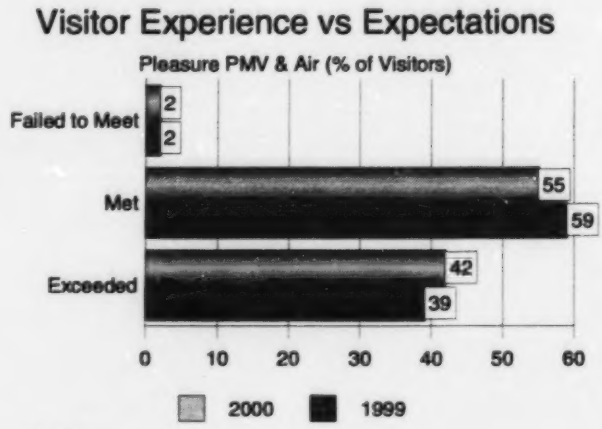


Exhibit 11

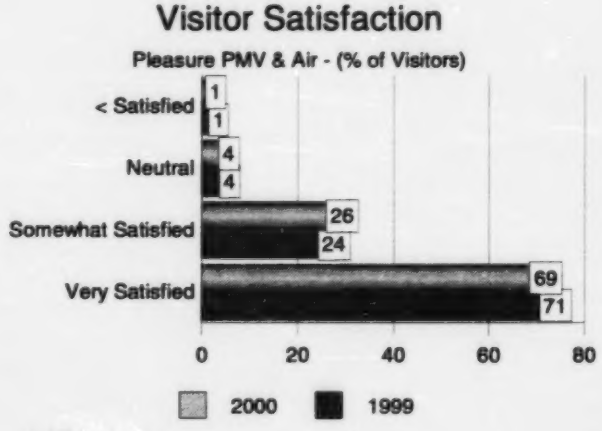


Exhibit 12

Finally, Exhibit 13 on the next page summarizes visitations to Prince Edward Island between May 15 and October 31, 2000. A total of 18 cruise ships visiting Charlottetown in 2000 with an estimated 9,584 passengers are not included in this summary due to a lack of comprehensive research data. For estimation purposes, the Atlantic Canada Cruise Association currently uses an expenditure factor of $110 per passenger which reflects port fees and direct spending by both passengers and crew.

Visitation and Expenditure Estimates: May 15 - October 31, 2000										
Segment	% Visitors		Number of Visitors		Mean Travel Party Size		Number of Travel Parties		Total Expenditures ($ Million)	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Pleasure PMV & Air										
Newfoundland	3.0	3.0	32,560	35,426	3.7	3.7	8,800	9,575	$11.2	$9.3
Nova Scotia	19.5	20.5	211,902	239,596	3.5	3.4	60,543	70,469	$33.4	$42.2
New Brunswick	11.9	10.4	128,936	121,330	3.3	3.6	39,072	33,703	$20.0	$19.2
Quebec	7.1	8.6	77,087	99,959	3.0	2.9	25,696	34,469	$20.1	$24.1
Ontario	25.0	26.2	271,390	306,542	3.0	2.9	90,463	105,704	$70.8	$77.1
Other Canada	7.8	6.9	84,479	80,427	3.0	2.8	28,160	28,724	$20.2	$19.3
New England states	9.4	7.5	102,079	87,742	2.9	2.9	25,300	30,256	$27.4	$24.7
Mid Atlantic states	5.9	4.3	64,204	50,669	3.2	2.7	20,064	18,766	$18.5	$14.9
Other U.S.A.	8.3	9.9	90,287	115,508	2.7	2.9	33,440	39,831	$27.3	$27.5
International	2.3	2.7	24,499	31,022	2.4	2.7	10,208	11,490	$8.2	$8.3
Total Pleasure PMV & Air	92.2	92.0	1,087,424	1,168,221	3.1	3.1	351,645	382,987	$257.0	$266.6
Motorcoach	3.8	3.1	44,394	39,262	2.1	2.0	21,140	19,631	$23.0	$16.7
Business PMV & Air	4.0	4.9	47,525	62,641	1.8	2.2	25,679	28,473	$21.1	$19.2
Total	100	100	1,179,343	1,271,124	3.0	2.9	398,464	431,005	$301.1	$302.6

Exhibit 13

Appendix H
Financial Statements

PRICEWATERHOUSECOOPERS

Tourism PEI

Non-consolidated Financial Statements
March 31, 2000

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
Prince Edward Place
18 Queen Street, Suite 100
PO Box 455
Charlottetown Prince Edward Island
Canada C1A 7L1
Telephone +1 (902) 368 3100
Facsimile +1 (902) 566 5074

May 12, 2000

Auditors' Report

To the Minister of Tourism

We have audited the non-consolidated balance sheet of **Tourism PEI** as at March 31, 2000 and the non-consolidated statements of earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles, except they are prepared on a non-consolidated basis, as explained in note 2.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers LLP is a Canadian member firm of PricewaterhouseCoopers International Limited, an English company limited by guarantee.

Tourism PEI

Non-consolidated Balance Sheet

As at March 31, 2000

	2000 $	1999 $
Assets		
Current assets		
Cash	1,081,457	580,413
Accounts receivable	846,945	599,305
Advances to subsidiary	-	60,754
	1,928,402	1,240,472
Production costs	362,017	-
Investment in subsidiary	100	100
	2,290,519	1,240,572
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	620,918	972,902
Due to the Province of Prince Edward Island (note 3)	1,008,601	267,670
Deferred revenue	300,000	-
Current portion of long-term debt	180,500	-
	2,110,019	1,240,572
Long-term debt, less current portion (note 4)	180,500	-
	2,290,519	1,240,572

Approved by the Corporation

Minister

PRICEWATERHOUSECOOPERS

Tourism PEI

Non-consolidated Statement of Earnings

For the year ended March 31, 2000

	2000		1999
	Budgeted (Unaudited)	**Actual**	**Actual**
	$	**$**	**$**
Revenue			
Grants from Province of Prince Edward Island	9,450,000	9,436,383	8,543,927
Tourism Marketing Authority	1,352,400	1,399,472	1,092,420
Brookvale Ski Park	220,000	183,081	123,799
Provincial Parks	545,400	655,623	633,195
Visitor Services	130,000	137,296	137,548
Licensing fees	-	119,859	108,000
Interest and miscellaneous	-	67,513	14,410
	11,697,800	11,999,227	10,653,299
Expenses			
Administration	945,500	819,284	752,682
Tourism Marketing Authority	4,232,400	4,270,095	3,620,260
Brookvale Ski Park	375,100	402,963	341,613
Provincial Parks	1,931,500	2,191,086	1,967,549
Visitor Services	1,231,500	1,260,223	1,200,249
Tourism Development	1,965,400	2,166,745	1,847,869
Tourism Marketing	741,900	687,761	657,695
Research	163,900	130,233	154,844
French Services	110,600	70,837	110,538
	11,697,800	11,999,227	10,653,299
Excess revenue for the year	-	-	-

Tourism PEI

Non-consolidated Statement of Cash Flows

For the year ended March 31, 2000

	2000 $	1999 $
Cash provided by (used in)		
Operating activities		
Excess revenue for the year	-	-
Net change in non-cash working capital items		
– increase in accounts receivable	(247,640)	(599,305)
– increase in accounts payable	218,016	972,902
– increase in due to the Province of P.E.I.	170,931	267,670
– increase in deferred revenue	300,000	-
	441,307	641,267
Investing activities		
Investment in and advances to subsidiary	60,754	(60,854)
Increase in production costs	(362,017)	-
	(301,263)	(60,854)
Financing activity		
Proceeds from long-term debt	361,000	-
Net change in cash	501,044	580,413
Cash – Beginning of year	580,413	-
Cash – End of year	1,081,457	580,413

1 Status of the corporation

Tourism PEI became a Crown corporation effective March 31, 1999 under the Tourism PEI Act passed by the Government of Prince Edward Island on June 8, 1999. The objectives of Tourism PEI are to carry out tourism related activities of the Province of Prince Edward Island.

The financial results of the corporation are included in the public accounts the Province of Prince Edward Island.

2 Summary of significant accounting policies

Due to the Province of Prince Edward Island

Current operations

Excess revenue for the year for Tourism PEI is recorded as a reduction in Grants – Province of Prince Edward Island and as an amount due to the Province of Prince Edward Island.

Investment in subsidiary

Tourism PEI records the investment in its wholly-owned subsidiary, Golf Links Prince Edward Island Inc., using the cost method of accounting. These financial statements have been prepared for management purposes and, as a result, some users may require additional information concerning the operations of a subsidiary. Consolidated financial statements have been prepared.

Production costs

The costs related to the production of television commercials have been capitalized and are being amortized over the estimated useful life of the commercial. The production costs will be amortized on a straight-line basis over two years, beginning in the fiscal period in which the commercial is aired.

Capital assets

Tourism PEI expenses capital assets in the period purchased.

The capitalization policy is under review in conjunction with the Province of Prince Edward Island's implementation of the new Public Sector Accounting Policy regarding tangible capital assets.

PRICEWATERHOUSECOOPERS

Revenue recognition

Grants from the Province of Prince Edward Island are recorded as revenue when received. Revenue from Tourism Marketing Authority activities is recorded when billed and revenue from park operations, services and fees is recorded when earned. Excess revenue for the year is recorded as a reduction in Grants – Province of Prince Edward Island and as an amount due to the Province of Prince Edward Island.

Government grants funded by the federal government or a federal-provincial cost-shared agreement, received related to operations, are recorded as revenue in the period in which the related expenses are recorded.

Expenses are recorded in the period in which the related goods and services are consumed except for Tourism Marketing Authority. Tourism Marketing Authority expenditures are recorded in the period the goods and services are acquired and a liability incurred.

Vacation pay and pension liabilities

The staff of Tourism PEI are employees of the Province of Prince Edward Island. Direct costs for employees of the Province of Prince Edward Island allocated to Tourism PEI are charged to the company on a per-payroll basis. Since the staff are employees of the Province, accrued vacation pay and pension obligations are liabilities of the Province and not the company and no liability for these costs has been accrued by the company at March 31, 2000.

Management estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period.

Fair value of financial instruments

The Corporation has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

3 Due to the Province of Prince Edward Island

	2000 $	1999 $
Current operations		
Excess revenue for the year	1,009,799	304,370
Vacation pay receivable – Province of Prince Edward Island	-	(36,700)
Accounts receivable – Province of Prince Edward Island	(1,198)	-
	1,008,601	267,670

4 Long-term debt

	2000 $	1999 $
6.25% loan from the Provincial Treasury of the Province of Prince Edward Island, due July 31, 2001, repayable in two installments of $180,500 plus interest on July 31, 2000 and July 31, 2001	361,000	-
Less: Current portion	180,500	-
	180,500	-

The long-term debt is unsecured.

5 Condensed financial data of wholly-owned subsidiary

	2000 $	1999 $
Balance sheet		
Assets		
Current assets	366,789	777,223
Capital assets	1,632,017	315,258
Other asset	56,360	-
	2,055,166	1,092,481
Liabilities and Shareholders' Equity		
Current liabilities	482,165	191,814
Long-term debt, less current portion	663,000	-
Shareholders' equity and contributed surplus	910,001	900,667
	2,055,166	1,092,481
Statement of Earnings		
Revenue	4,631,753	3,877,225
Expenses	4,622,419	3,054,772
Net earnings for the year	9,334	822,453

Included in current liabilities is nil (1999 – $60,754) in advances due to Tourism PEI

6 Related party transactions

During the year, the company utilized office premises from a related Crown corporation, Prince Edward Island Business Development Inc., for nil consideration.

Tourism PEI utilizes the provincial parks, including Brookvale Ski Park, the provincial day parks and the full service campgrounds, as well as the Visitor Information Centres in carrying out its mandate. Tourism PEI pays nil consideration for utilizing these facilities.

During the year, the company received a $300,000 grant funded by a federal-provincial cost-shared agreement to assist in funding a project to occur in 2001. This grant has been recorded as deferred revenue at March 31, 2000.

PRICEWATERHOUSECOOPERS

Golf Links Prince Edward Island Inc.

Financial Statements
March 31, 2000

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
Prince Edward Place
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Charlottetown Prince Edward Island
Canada C1A 7L1
Telephone +1 (902) 368 3100
Facsimile +1 (902) 566 5074

May 11, 2000

Auditors' Report

To the Shareholders of
Golf Links Prince Edward Island Inc.

We have audited the balance sheet of **Golf Links Prince Edward Island Inc.** as at March 31, 2000 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

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Golf Links Prince Edward Island Inc.

Balance Sheet

As at March 31, 2000

	2000 $	1999 $
Assets		
Current assets		
Cash and short-term investments	184,038	599,361
Accounts receivable (note 4)	63,482	88,468
Inventory	100,773	89,394
Prepaid expenses	18,496	-
	366,789	777,223
Capital assets (notes 3 and 4)	1,632,017	315,258
Other asset (note 6)	56,360	-
	2,055,166	1,092,481
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	111,165	191,814
Deferred revenue (note 4)	150,000	-
Current portion of long-term debt	221,000	-
	482,165	191,814
Long-term debt, less current portion (note 5)	663,000	-
	1,145,165	191,814
Shareholders' Equity		
Capital stock		
Authorized and issued		
100 common shares of the par value of $1 each	100	100
Contributed surplus	78,114	78,114
Retained earnings	831,787	822,453
	910,001	900,667
	2,055,166	1,092,481

Approved by the Board of Directors

Director

Director

PRICEWATERHOUSECOOPERS

Golf Links Prince Edward Island Inc.

Statement of Retained Earnings

For the year ended March 31, 2000

	2000 $	1999 $
Balance – Beginning of year	822,453	-
Net earnings for the year	9,334	822,453
Balance – End of year	831,787	822,453

PRICEWATERHOUSECOOPERS

Golf Links Prince Edward Island Inc.

Statement of Earnings

For the year ended March 31, 2000

	2000		1999
	Budget (Unaudited) $	Actual $	Actual $
Revenue			
Green fees	2,353,800	2,532,099	1,888,914
Memberships	497,200	408,451	421,936
Pro-shop	678,300	807,434	873,637
Car rentals	495,700	538,570	388,786
Other rentals	152,100	136,904	115,266
Concessions	20,000	47,057	56,807
Interest income	9,400	29,838	54,820
	4,206,500	4,500,353	3,800,166
Expenses			
Wages and levies	1,663,300	1,832,169	1,441,234
Cost of pro-shop merchandise	359,800	543,623	558,298
Grounds maintenance	294,500	352,040	227,099
Maintenance and repairs	225,000	351,053	248,619
Advertising and promotion	83,000	129,769	82,931
Association dues	1,900	5,630	3,436
Bank charges	43,500	65,364	44,525
Dundarave lease (note 6)	635,000	578,639	-
Fire dues and property taxes	20,000	1,000	-
Gasoline and oil	24,000	34,375	17,296
Interest on long-term debt	90,300	20,888	-
Office	21,500	20,633	10,174
Power car rentals	-	33,750	43,096
Printing	19,600	39,808	14,503
Professional and consultants fees	14,700	108,495	57,183
Pro-shop rent	90,000	72,245	12,857
Tournaments	-	12,940	49,365
Uniforms	13,300	16,649	6,461
Telephone	59,900	51,537	44,036
Trade publications	4,100	680	3,217
Travel and training	11,500	40,725	27,565
Utilities	134,600	74,694	72,191
Vehicle lease	7,400	12,698	13,506
Amortization	174,600	223,015	75,721
	3,991,500	4,622,419	3,053,313
	215,000	(122,066)	746,853
Other income			
Gain on sale of capital assets	-	131,400	75,600
Net earnings for the year	215,000	9,334	822,453

PRICEWATERHOUSECOOPERS

Golf Links Prince Edward Island Inc.

Statement of Cash Flows

For the year ended March 31, 2000

	2000 $	1999 $
Cash provided by (used in)		
Operating activities		
Net earnings for the year	9,334	822,453
Items not affecting working capital		
Amortization	223,015	75,721
Gain on sale of capital assets	(131,400)	(75,600)
	100,949	822,574
Net change in non-cash working capital items		
– decrease (increase) in accounts receivable	24,986	(88,468)
– decrease in subscriptions receivable	-	100
– increase in prepaid expenses	(18,496)	-
– increase in inventory	(11,379)	(89,394)
– increase (decrease) in accounts payable	(80,649)	191,814
– increase in deferred revenue	150,000	-
	165,411	836,626
Financing activities		
Increase in contributed surplus	-	78,114
Increase in long-term debt	1,105,000	-
Repayments of long-term debt	(221,000)	-
	884,000	78,114
Investing activities		
Purchase of capital assets	(1,539,775)	(390,979)
Proceeds on sale of capital assets	131,401	75,600
Increase in other asset	(56,360)	-
	(1,464,734)	(315,379)
Increase (decrease) in cash and short-term investments	(415,323)	599,361
Cash and short-term investments – Beginning of year	599,361	-
Cash and short-term investments – End of year	184,038	599,361

1 Corporate status

The company is a wholly-owned subsidiary of Tourism PEI, a Crown corporation, and is therefore a non-taxable entity. The objectives of the company are to maintain and operate the provincial golf courses.

2 Summary of significant accounting policies

The financial statements of the company have been prepared in accordance with generally accepted accounting principles. The following is a summary of significant accounting policies used in the preparation of these financial statements.

Inventory

Inventory is valued at the lower of cost, determined using the average cost method, and market. Market is defined as net realizable value.

Amortization

Amortization is calculated using the straight-line method at the annual rates as indicated in note 3.

During the year, the company adopted the policy that one-half the normal annual rate of amortization is recorded in the year of acquisition; no amortization is taken in the year of disposal.

Management estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Fair value of financial instruments

The company has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

Government assistance

Government grants, funded by the federal government or a federal-provincial cost shared agreement, received relating to operations are recorded as revenue in the period in which the related expenses are recorded.

Vacation pay and pension liabilities

The staff of Golf Links Prince Edward Island Inc. are employees of the Province of Prince Edward Island. Direct costs for employees of the Province of Prince Edward Island allocated to Golf Links Prince Edward Island Inc. are charged to the company on a per-payroll basis. Since the staff are employees of the Province, accrued vacation pay and pension obligations are liabilities of the Province and not the company, and no liability for these costs has been accrued by the company at March 31, 2000.

3 Capital assets

	Amortization rate %	Cost $	Accumulated amortization $	2000 Net $	1999 Net $
Land improvements	20	21,337	2,134	19,203	-
Computer	20	32,359	5,521	26,838	6,093
Power cars	20	922,802	168,966	753,836	204,494
Rental equipment	20	12,659	1,266	11,393	-
Equipment	20	777,227	99,035	678,192	49,668
Vehicles	20	36,387	10,184	26,203	32,739
Buildings	10	127,984	11,632	116,352	22,264
		1,930,755	298,738	1,632,017	315,258

4 Related party transactions

Included in accounts receivable and accounts payable are the following amounts due to and from related parties:

	2000 $	1999 $
Accounts receivable		
Due from the Province of Prince Edward Island	-	22,066
Accounts payable		
Due to the Province of Prince Edward Island	-	27,259
Due to parent company	-	60,754
	-	88,013

Golf Links Prince Edward Island Inc.'s parent, Tourism PEI, is a Crown corporation of the Province of Prince Edward Island.

During the year, the company received a grant of $150,000 funded by a federal-provincial cost shared agreement, to assist in funding an event to occur in the 2001 fiscal year. This amount has been recorded as deferred revenue at March 31, 2000.

During the year, the company paid $20,888 (1999 – nil) in interest to the Department of Provincial Treasury of Prince Edward Island.

The company rents three provincial golf courses from the Province of Prince Edward Island for nil consideration.

The Province of Prince Edward Island transferred capital assets utilized in maintenance and operation of the three provincial golf courses to Golf Links Prince Edward Island Inc. In accordance with the terms of the transfer, the exchange and carrying amounts of the capital assets was established as $1.

The company utilized office premises from a related Crown corporation, Prince Edward Island Business Development Inc., for nil consideration.

5 Long-term debt

	2000 $	1999 $
6.85% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2004, repayable $221,000 annually plus interest	884,000	-
Less: current portion	221,000	-
	663,000	-

The long-term debt is unsecured.

The aggregate amount of principal payments required over the next four years to meet retirement provisions are as follows:

	$
Year ending March 31, 2001	221,000
2002	221,000
2003	221,000
2004	221,000

6 Commitments

The Province of Prince Edward Island has entered into an 11-year lease expiring December 2008 with Brudenell II Inc. for Dundarave Golf Course. As the company operating the course, Golf Links Prince Edward Island Inc. has committed to make the lease payments on behalf of the Province. The lease cost is $635,000 per year with the lease payments commencing July 1, 1999. The Province has an option to purchase the Dundarave Golf Course or to enter into negotiations to extend the term of the lease at the expiration of the eleven year lease term.

In accordance with Paragraph E of the Operations/Management Agreement with Brudenell II Inc., the 1999 lease payment was reduced by $56,360 as The Dundarave Golf Course was not ready for play on July 1, 1999. As the reduction in the lease payment is to be recovered upon the Province exercising its option to purchase the facility or extending the term of the lease, it has been recorded as an other asset and a reduction in the Dundarave lease expense in the current year.

The minimum annual lease payments required under operating leases for base rental of premises in Brudenell and Mill River expiring in August 2004 and 2075 are as follows:

	$
Year ending March 31, 2001	101,809
2002	101,809
2003	101,809
2004	101,809
2005	25,453

In addition to the base rentals, there is a requirement to pay the company's pro-rata share, based on rented space, of the operating costs including property taxes of the premises.

7 Comparative figures

Certain comparative figures presented for the 1999 fiscal year have been restated to conform with the financial statement presentation adopted in the current year.